

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1553 - SB 1566

January 21, 2020

SUMMARY OF BILL: Creates exceptions to the offense of open or concealed carrying of a firearm with the intent to go armed for any person legally in possession and not prohibited from possessing a firearm.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Exceeds \$1,227,100/FY20-21 and Subsequent Years/
Handgun Permit Division
Exceeds \$422,100/FY20-21 and Subsequent Years/
Tennessee Bureau of Investigation**

**Foregone State Revenue – Exceeds \$108,700/FY20-21 and Subsequent Years/
Handgun Permit Division**

**Decrease State Expenditures –
Exceeds \$54,900/FY20-21 and Subsequent Years/
Handgun Permit Division
Exceeds \$182,000/FY20-21 and Subsequent Years/
Tennessee Bureau of Investigation**

**State Expenditures – Cost Avoidance –
Exceeds \$3,300/FY20-21 and Subsequent Years/
Handgun Permit Division
Exceeds \$14,500/FY20-21 and Subsequent Years/
Tennessee Bureau of Investigation**

Decrease Local Revenue – Exceeds \$137,200/FY20-21 and Subsequent Years

Assumptions:

- Per the language of this legislation, a person legally in possession of a firearm and not prohibited from purchasing a firearm in the person's state of residence will have the same defenses and exceptions as a person who has been issued a handgun carry permit.
- For the purposes of this fiscal note, it is assumed all open or concealed carrying permits issued will be standard, non-military, law enforcement, or lifetime permits.
- Handgun carry permits afford holders reciprocity; allowing them to legally carry a firearm in various other states.

- The cohort of individuals that would forego applying for or renewing an Enhanced Handgun Carry Permit (EHCP) or a Concealed Handgun Carry Permit (CHCP) would do so because: (1) they have no intention of carrying out-of-state, (2) the number of instances they feel compelled to carry a firearm on their person will be relatively limited, and (3) they can save money by forgoing applying for or renewing a permit.
- Therefore, it can be reasonably estimated there will be a reduction of at least 20 percent in new and renewal EHCP and CHCP applications each year as a result of this legislation.
- As CHCPs have only begun being issued January 1, 2020, there are not figures available as of yet. It is expected that without this legislation, 8,361 CHCPs will be issued annually. Based on the figures of the previous five fiscal years and the estimated impact of CHCP on EHCP, the Department of Safety (DOS) will issue an average of 45,734 new EHCPs each year and 92,172 EHCPs renewals each year.
- The minimum of a 20 percent reduction is equivalent to 9,147 new EHCP applications (45,734 annual issuances x 20% reduction), 18,434 renewal EHCP applications (92,172 annual issuances x 20% reduction), and 1,672 CHCP applications (8,361 annual issuances x 20%).
- The cost of a new EHCP is \$100. The cost of a renewed EHCP is \$50. From every new EHCP fee paid, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and maintaining their databases; \$31.15 is allocated to the TBI to cover the cost of fingerprint vendors, TBI background checks, and Federal Bureau of Investigation (FBI) fingerprint background checks; the remaining \$38.85 is retained by the Handgun Permit Division (HPD) of DOS to specifically fund the administrative expenses of the HPD.
- Pursuant to the current allocation of revenue derived from new EHCP application fees, the recurring decrease in state revenue to the HPD is estimated to exceed \$1,277,061 [(9,147 x \$38.85) + (18,434 x \$50)]; the recurring decrease in state revenue to the TBI is estimated to exceed \$422,134 [9,147 x (\$15 + \$31.15)]; and the mandatory recurring decrease in local revenue is estimated to exceed \$137,205 (9,147 x \$15) in FY20-21 and subsequent years.
- For every CHCP fee paid, the entirety of the \$65 is retained by the HPD. The expected impact to the HPD is at least \$108,680 (1,672 x \$65) in foregone revenue in FY20-21 and subsequent years.
- In addition, there will be a recurring decrease in state expenditures as a result of producing fewer permit cards. The printing cost to produce one permit is \$1.99. The recurring decrease in state expenditures for the HPD in printing EHCP will exceed \$54,886 [(9,147 + 18,434) x \$1.99] in FY20-21 and subsequent years.
- The cost avoidance in state expenditures to the HPD as a result of not printing the expected 20 percent of CHCP is \$3,327 (1,672 x \$1.99) in FY20-21 and subsequent years.
- The TBI reports a cost for vendor fingerprinting expense of \$8.65 per background check. The recurring decrease in TBI vendor fingerprint expenditures is estimated to exceed \$79,122 (9,147 x \$8.65).

- The TBI reports a cost of \$11.25 payable to the FBI for each FBI national background check conducted on each initial permit application. The recurring decrease in TBI expenditures made to the FBI is estimated to exceed \$102,904 (9,147 x \$11.25).
- The total recurring decrease in state expenditures for TBI is estimated to exceed \$182,026 (\$79,122 + \$102,904) in FY20-21 and subsequent years.
- For every CHCP application, the TBI is required to perform a fingerprint background check. The cost avoidance in state expenditures to the TBI as a result of not performing the expected 20 percent of CHCP background checks will exceed \$14,463 (1,672 x \$8.65) in FY20-21 and subsequent years.
- Pursuant to Tenn. Code Ann. § 39-17-1307(a), it is a Class C misdemeanor offense to carry, with the intent to go armed, a firearm or a club, punishable with possible imprisonment and/or by a fine not to exceed \$500.
- In the last three fiscal years, there has been an average of 133 Class C misdemeanor offense convictions under this section of code.
- Based on the Fiscal Review Committee's 2008 study and the Administrative Office of the Courts' 2012 study on collection of court costs, fees, and fines, collection in criminal cases is insignificant. The proposed legislation will not significantly increase local revenue.
- There will not be a sufficient reduction of prosecutions for state or local government to experience any significant decrease in revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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